





We serve just businesses. We offer dial tone, dedicated services, etc. Our main focus is on central business districts. That's where the businesses are.

ASCI Charleston

September 4, 1997 telephone conversation with Greenville office

AFFIDAVIT OF GARY M. WRIGHT

EXHIBIT C

Request Denied

Residential Consumers Refused Service by Competitive Local Telephone Companies

A Preliminary Report from
Keep America Connected
A National Campaign for Affordable Telecommunications

October 17, 1997

Request Denied

Residential Consumers Refused Service by Competitive Local Telephone Companies

Executive Summary

Consumers are still waiting to see the benefits of the 1996 Telecommunications Act. The big three -- AT&T, MCI and Sprint -- continue to dominate the long distance market and residential consumers have no options for an alternative local provider. Policy makers are asking "why?" The Act brought with it the promise of a new era of competition in telecommunications. The pro-competitive environment was supposed to bring more consumer choices, lower rates, better service and economic growth. However, the anticipated competition and the resulting benefits for consumers are far from reality.

Keep America Connected¹ sought to find out whether the big three long distance companies and smaller competitive local exchange carriers (CLECs) are offering local service to residential consumers. If so, where? If not, why not? We set out to answer these questions the easy way -- we asked them.

Summary of Findings

Local residents of New Orleans, Louisiana, Orlando, Florida and Spartanburg/Greenville, South Carolina, called local sales representatives to request local service. Here is what they were told:

- AT&T, MCI and Sprint refused requests for local residential service in all three cities.
- AT&T offers local service to large businesses in all three cities. MCI and Sprint both offer local service to businesses in Orlando, and Sprint serves businesses in New Orleans.
- Seven small, competitive local service providers operating in the three cities refused requests from residential customers for local telephone service.

¹ Keep America Connected is a coalition of organizations representing older Americans, people with disabilities, rural and inner city residents, people of color, lower income citizens, labor and telecommunications providers. The goal of the Keep America Connected Campaign is to ensure that all consumers, not just big business and upper end consumers, have affordable access to the modern telecommunications infrastructure and services.

- All the long distance companies were vague about any plans to provide local residential service. Sprint representatives reported no plans to go into the residential market in any of the three cities, except Orlando. Paradoxically, MCI indicated tentative plans to offer residential service in New Orleans and Greenville, where they currently do not offer business service, but indicated no plan to provide service in Orlando, where they are providing local service to business customers.
- Smaller competitors had no plans to provide residential service.
- When asked why they were not providing residential local service, none of the carriers' representatives indicated that the local phone company was keeping them out of the market. When representatives answered the question, they only indicated that their current marketing plan was to focus on business customers.

Why are these companies refusing to provide service to residential customers? The long distance companies loudly proclaimed a desire and a commitment to serve residential consumers. What explains their absence from this market?

- Local residential service is costly to provide. Business service has traditionally been priced higher than residential service, offering providers a higher profit margin than the residential market. Without government mandates, competition will enter markets that offer the best chance to turn a profit.
- Press reports indicate that the potential competitors underestimated the difficulty of putting together effective business and marketing plans for offering local service to consumers. News of AT&T and MCI announcements, missteps and refinements of their plans to provide local service has filled newspapers since late in 1996.
- The major long distance companies have a financial self-interest to stay out of residential phone service. The slower the long distance companies move into the local service market, the longer they hope they can keep their most significant competitor, the local phone company, out of the long distance business.

Major Long Distance Companies Providing Local Service

All three of the major long distance companies are authorized by the state regulators to provide service in these three target cities, and all have signed interconnection agreements with the incumbent provider.

	New Orleans		Orlando		S/G	
	<u>Res</u>	<u>Bus</u>	<u>Res</u>	<u>Bus</u>	<u>Res</u>	<u>Bus</u>
AT&T*	NO	YES	NO	YES	NO	YES
MCI	NO	NO	NO	YES	NO	NO
Sprint	NO	YES	NO	YES	NO	NO

*AT&T's digital link service is available nationwide to business customers with T1.5 access (24 phone lines) or greater. This service delivers outbound local calls using existing or new dedicated digital access facilities.

Small Competitive Local Service Providers

Smaller competitors are carefully targeting markets and almost exclusively serving business customers.

	New Orleans		Orlando		S/G	
	<u>Res</u>	<u>Bus</u>	<u>Res</u>	<u>Bus</u>	<u>Res</u>	<u>Bus</u>
ACSI	NO	YES	NO	NO	NO	YES
Intermedia	NO	NO	NO	YES	NO	YES
Cox	NO	YES	NO	NO	NO	NO

The State of Competition in Three Southeastern States

New Orleans

Nearly 80 companies have signed up to offer local phone service in Louisiana. Although ten of those companies are fully certified, only two are actually marketing service to small pockets of business customers in a handful of the states' largest cities.²

"Residential phone customers, who make up the bulk of the local phone market, will have to wait for the long distance giants to enter the market before they have a choice among local service providers, industry observers say. Those are the companies with the resources to serve large numbers of residential customers at a low profit margin."³ "There is more money involved and more concentration [in the local business market.] In the Central Business District in New Orleans, for example, there is more money to be made than, say, one street of residential customers in Baton Rouge," said Janet Britton, a staff attorney for the Public Service Commission.⁴

Eatel, an independent telephone company serving rural Louisiana, is focusing on residential customers first in Baton Rouge. Eatel has offered local service for nearly two months, although it is not advertising or promoting the service widely. Press reports indicated that AT&T "should" be offering services in New Orleans in 1998 and will enter the market as a reseller.

Consumers called customer representatives from various companies to ask about local service. ACSI offers local business service but was up front in stating that they do not plan to offer residential service. One representative of Cox claimed that residential service would be offered after January 1, 1998, another said that residential service "was possible."

<u>New Orleans Consumer Survey Results</u>			
	Serving Business	Serving Residential	Plans to Offer Residential Service
AT&T	Yes	No	"Soon."
MCI	No	No	After Jan. 98
Sprint	Yes	No	No
ACSI	Yes	No	No
Cox	Yes	No	"It is possible"

² Keith Darce, "Competition is Calling," *The Times Picayune*, August 17, 1997, pg. F1.

³ Ibid.

⁴ Tom Guarisco, "New Local Phone Service Starts in Baton Rouge," *The Advocate*, April 1, 1997, p.1C.

Orlando, Florida

Over 100 companies are authorized to provide local phone service in the state of Florida and more than 70 interconnection agreements have been signed between CLECs and the incumbent local exchange carriers (ILECs).

Those companies actually offering local service are again focusing on the business market. MCI offers facilities-based service to businesses in Tampa, Orlando, Ft. Lauderdale and Miami.⁵ Sprint, Intermedia, MFS, ACSI and AT&T are also offering local service to business customers in limited areas.⁶ AT&T says that it plans to go after both residential and business customers but so far only business customers have been targeted. AT&T plans to test local residential service in the Southeast first in Georgia. If that goes well, they might begin offering service toward the end of the year.⁷

Teleport Communications Group (TCG) says that it will offer local phone service in the Tampa Bay area and Orlando. Although TCG plans to build its own fiber networks in these cities, the company will likely resell services from other providers until the network is built.⁸ The company did not specify whether it will offer residential services.

Consumers who called companies to inquire about local residential service received a variety of responses. Sprint representatives skirted around the issue of why they provide business but not residential service until they finally just said that Sprint will offer residential service "soon." AT&T diplomatically said that they plan to provide local service when they can offer the value and services desired.

<u>Orlando Consumer Survey Results</u>			
	Serving Business	Serving Residential	Plans to Offer Residential Service
AT&T	Yes	No	"Possibly in future."
MCI	Yes	No	No plans
Sprint	Yes	No	"In the process."
Intermedia	Yes	No	No plans
Cox	No	No	No plans

⁵ "MCI Seeks Cuts in Local-Competition -- Chilling Costs." MCI Communications Corp. Company Press Release. August 28, 1997.

⁶ Frank Ruiz, "You're Going to do What?" *The Tampa Tribune*, August 3, 1997, p. 1.

⁷ Patricia Horn, "AT&T Joins Local-Service Bandwagon," *Sun Sentinel*, January 28, 1997, p. 3D.

⁸ Paul Abercrombie, "AT&T Joins Local-Service Bandwagon," *Tampa Bay Business Journal*, January 24, 1997, Vol. 17, No. 4, p. 1.

Spartanburg/Greenville, South Carolina

Fourteen companies in South Carolina have filed for and received approval from the Public Service Commission to offer local phone service and fifty-nine interconnection agreements have been signed. However, only three companies, including ACSI and Intermedia, are actually offering local service and then only to a small number of business customers.

These upstart local service companies plan to focus most of their resources on high volume business accounts, ignoring the residential community. When asked what he would tell residential customers, Carl Jackson, director of local exchange services for Intermedia, said, "[I'd] tell them don't wait on [us] for the time being: it's strictly a business focus now."⁹ ACSI spokesman James Falvey echoed that sentiment saying that "the economics aren't there right now for us to provide residential service."¹⁰

The big long distance companies, AT&T, MCI and Sprint, have all been authorized to offer residential local phone service, but only MCI plans to do so. Moreover, at least one CLEC has the facilities to provide local service but has no intention to serve residential consumers.¹¹

<u>Spartanburg/Greenville Consumer Survey Results</u>			
	Serving Business	Serving Residential	Plans to Offer Residential Service
AT&T	Yes	No	No set plan
MCI	No	No	Plans to offer both in next few months
Sprint	No	No	None
ACSI	Yes	No	No plans

⁹ Andrew Meadows, "Competitors Stay Out of Local Phone Market," *The State*, July 18, 1997, p. B7- B11.

¹⁰ *Ibid.*, at B7.

¹¹ *Ibid.*

Why Not Offer Residential Service?

The Business Plans of the New Entrants

The debate over the slow pace of competition in local service has been focused on the actions of the ILECs. Equally, if not more important, is the strategic planning, capital investment and management decisions of the potential competitors. While there was a great deal of speculation and enthusiasm during the time Congress was working to pass the 1996 Telecommunications Act, the reality of the costs of doing business has toned down the rhetoric.

The Competitors: The Big Dogs

Major long distance companies like AT&T, MCI and Sprint predicted during the debate over the 1996 Act that they would be serving huge chunks of the local market by now, yet they have moved surprisingly slowly.¹²

AT&T made its big splash in January 28, 1997, when it announced that it would begin offering local phone service on most outbound calls for any business dialing up bills of \$2,500 a month or more in 35 states.¹³ Many analysts found that offer disappointing, expecting perhaps a partnership announcement with GTE. Later it appeared that AT&T's strategy for entry into the local market involved a merger with SBC Communications.¹⁴ That idea was quickly quashed by Federal Communications Commission Chairman Hundt, and ever since AT&T's approach to entering the market has seemed murky. Currently, AT&T provides local residential service only in Sacramento, California, Libertyville and Waukegan, Illinois and Grand Rapids and Kent County, Michigan. It provides both business and residential service in Connecticut and Georgia.

Of the interexchange carriers (IXCs), MCI has been the most unapologetic in its strategy of going after business customers first. MCI has stated that its "long-term plans don't include penetrating below the top 30% of residential customers."¹⁵ MCI intends to build some of its own facilities, but does not plan to build local networks nationwide. Instead, MCI will pursue business customers through a combination of strategies — resale, facilities and unbundled networks.¹⁶ The company has launched local service for mid-sized to large businesses in 25 markets (21 over its own networks) so far including Atlanta, Chicago, Los Angeles, New York, and Seattle — and has announced plans to be in 31 to 60 markets by year end, depending on what newspaper you read. It only offers limited residential service in California, Illinois, and New York.

¹² Andrew Kupfer, "The Telecom Wars," *Fortune*, March 3, 1997, p. 136.

¹³ Patricia Horn, "AT&T Joins Local-Service Bandwagon," *Sun Sentinel*, January 28, 1997, p. 3D.

¹⁴ Richard Siklos, "Crybaby Bells," *The Financial Post*, August 2, 1997, Sec. 1, p. 7.

¹⁵ *Washington Post*, November 10, 1996.

¹⁶ Carolyn Hirschman, "The Big Three," *Telephony*, June 2, 1997.

Sprint has filed for regulatory approval to provide local service in 47 states and the District of Columbia. It has begun to serve large business customers in Orlando, Florida. Sprint has said that it intends to size up local markets carefully, "We're not going to throw dollars at what might be. When we go into a city we'll know which customers we're going after, and that will determine where we build or lease facilities," said Sprint President D. Wayne Peterson.¹⁷

The CLECs: The Feisty Pups

In addition to the long distance carriers, dozens of other companies are entering the local business service market. The CLECs seem to agree on a basic strategy for entering the long distance market -- building their own network infrastructures. In terms of marketing strategies, most of the CLECs say they plan to target small to medium-sized businesses. Although focused on the business market, many CLECs may pick up some residential business indirectly through EXC partnerships. AT&T just announced a new competition strategy involving the franchising of the AT&T brand name and marketing rights to affiliated carriers in wireless and local-phone services. The company has been talking with numerous alternative local exchange carriers to carry AT&T's traffic under the AT&T brand in competition with the local Bell companies and GTE. Potential partners for this first-time franchising of the AT&T brand name include small, independent phone companies, electric utilities and even cable television companies.¹⁸

Conclusion: Who Wins? Who Loses?

This preliminary report on the state of local competition revealed disturbing trends that prompt the need for further examination on a national scale. If the trends found in these three cities continue, there will be definite winners and losers in the competition game. The interests that stand to win include the business consumers, the long distance companies and the competitive access providers. The losers are residential consumers.

There is no doubt that competition has come to the business market. In urban business districts, the large long distance companies are working to capture customers by combining their local and long distance bills and bundling other services. In the cities surveyed in this report, it is the business customers that are the primary, if not exclusive, focus of both the large long distance companies and the smaller CLECs.

By delaying their entry into local service, the EXCs have kept their market, long distance, closed to the regional Bell companies. The Bell companies would bring a level of competition to the long distance market greater than that of smaller companies and resellers, which could force prices down. Unlike the EXCs, competitive access providers (CAPs) have nothing to gain by delaying their entry into the local service market.

¹⁷ Andrew Kupfer, "The Telecom Wars," *Fortune*, March 3, 1997, p. 136.

¹⁸ John Keller, "AT&T Sets Bold New Business Strategy," *The Wall Street Journal*, September 18, 1997, p. A1.

Therefore, these companies have moved the most aggressively -- swiftly negotiating interconnection agreements and signing up business customers.

As evidenced in this report, consumers are the losers in this stalemate. Bob Jenks, Executive Director of the Oregon Citizens Utility Board, says, "Companies promoted certain things they were going to do as a way to develop political momentum to get the act passed. Then they backed off."¹⁹

Consumers in high cost rural and inner city urban areas, stand to lose because with no incentives or mandates to provide residential service, the long distance companies will continue marketing primarily to business and some high-end residential users. Rural areas are expensive to serve because of the distances the lines must cover and the cost of the network is spread over such a small number of customers. Inner city urban areas are often costly and difficult to serve because of the high concentration of low income consumers, in old buildings, with old technology and very little business or upper income consumers to help share the cost of the network. These rural and inner city consumers are likely to see few, if any, choice of providers, resulting in less-competitive pricing and fewer incentives for companies to provide them with new services and technology.

Consumers also pay higher long distance rates than necessary because of a lack of competition in the long distance industry. Currently, the big three long distance companies continue to change their prices in lock-step fashion because there is no real competition in long distance. By taking their time in entering local competition, the long distance companies are gradually gaining market share in local service while keeping the local phone companies out of their core business.

Because of the lack of long distance competition, these companies are also cashing in on FCC changes designed to spur competition. Keep America Connected recently produced a report which sought to determine whether residential consumers would save money as a result of the FCC decision to lower access charges, the fees that long distance companies pay to the local phone company to start and complete a call. "In Search of Savings," found that few companies were passing these savings along to consumers. The report concluded that "only increased competition will push the [long distance companies] to pass along these savings."²⁰

Competition in all aspects of the telecommunications market is the key to bringing real savings, choices and new products to all consumers. The stalemate in the development of local service competition in the residential market is blocking all the major benefits of the landmark 1996 Telecommunications Act. Policy makers and consumers must demand an end to this standoff.

¹⁹ Roger Crockert, "Phone Reform Seemingly on Hold," *Oregonian*, February 25, 1997, p.1C.

²⁰ "In Search of Savings: A Look at Long Distance Phone Bills After Access Reform," Keep America Connected, September 24, 1997.

Keep America Connected!

National Campaign for Affordable Telecommunications

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EMBARGOED RELEASE
Friday, October 17, 1997



Contact: Angela Ledford
202-842-4080

Residential Consumers Put on Hold by Long Distance Companies.

Large and Small Companies Rush to Compete for Business Customers But They Won't Be Coming Soon to Your Neighborhood.

(WASHINGTON, DC...October 17, 1997) Large and small long distance companies show little or no interest in serving residential customers in the Southeastern United States according to a preliminary study released today by Keep America Connected. Early results of the study show that while business consumers are realizing the benefits of competition, the prospects of residential consumers seeing lower prices and greater choices are slim.

When consumers called to request service from the companies that are authorized to provide local residential telephone service in Florida, South Carolina and Louisiana, they were discouraged or refused service out-right. Consumers found it very difficult to get a definitive answer out of many of the new competitors. But it is clear that none of the carriers are clamoring for residential business.

"Consumers in all neighborhoods and in all walks of life stand to benefit from the telephone competition we have been promised," said Keep America Connected Director Angela Ledford. "But where is it? If competition for telecommunications services extends to large businesses only, residential customers and small businesses will be left out of the information age."

While consumers are being deprived of choices in local service, their long distance rates continue to be higher than necessary due to the lack of competition in the long distance

-more-

market. And the long distance companies are using their refusal to offer local service to residential customers to try to keep the local Bell companies -- and the benefits of real competition -- out of the long distance market.

The report issued today, called *Request Denied: Residential Consumers Refused Local Telephone Service by Competitive Phone Companies*, is a preliminary look at local competition in three Southeastern cities -- Orlando, Florida; Spartanburg/Greenville, South Carolina; and New Orleans, Louisiana. A national report is due out later this fall.

The report showed the following regional trends:

- AT&T, MCI and Sprint refused requests for local residential service in all three cities.
- Seven small competitive local service providers operating in the three cities refused requests from residential customers for local telephone service.
- Most small competitors had no plans to provide residential service.
- AT&T, MCI and Sprint all offer local service to businesses in one or more of the three cities.

"These trends indicate trouble for consumers down the road," said Ledford. "If long distance companies are allowed to serve only the most profitable markets, many people, neighborhoods, and even entire communities could be left out of the information age. And if the long distance companies get their way, consumers will also be denied the benefits of Bell company entry into long distance. More must be done to stimulate competition in the residential market and to make sure all consumers benefit."

Keep America Connected, a coalition of 47 organizations representing consumers, labor, and local phone companies, collaborated with local citizen groups and BellSouth to produce the report. A look at 10 other cities around the country will be out later this fall.

For a copy of the report call 202-842-4080.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA

ADMINISTRATIVE LAW JUDGE KIM MALCOLM and
ADMINISTRATIVE LAW JUDGE JANET A. ECONOME, presiding.
In Attendance: JOSIAH L. NEEPER, COMMISSIONER

In the Matter of the Joint
Application of Pacific Telesis
Group ("Telesis") and SBC
Communications Inc. ("SBC") for
SBC to control Pacific Bell
(U 1001 C), Which Will Occur
Indirectly as a Result of
Telesis' Merger With a Wholly
Owned Subsidiary of SBC,
SBC Communications (NV) Inc.

Application
96-04-038

REPORTER'S TRANSCRIPT

San Francisco, California
November 19, 1996
Pages 2609 - 2801
Volume 21

Reported by: Lynn A. Stanghellini, CSR 3489
William J. Harter, CSR 3532
Deanna M. Zachlod, CSR 3251

PUBLIC UTILITIES COMMISSION, STATE OF CALIFORNIA
505 Van Ness Avenue, San Francisco, California 94102

1 A That's correct.

2 Q Have you ever had any antitrust economics
3 articles published in any professional journals?

4 A No, I have not.

5 Q You are president and policy director of the
6 Competition Policy Institute; is that correct?

7 A That's right.

8 Q Is it okay if I refer to that organization as
9 CPI for simplicity purposes?

10 A Certainly.

11 Q On page 1 of your testimony, you describe CPI
12 as an independent nonprofit organization which is a
13 combination consumer group and think tank; is that
14 correct?

15 A That's right.

16 Q On page 2 you state that CPI's initial funding
17 was supplied by a broad group of competitive
18 telecommunications carriers but that CPI is independent
19 of those funding sources; is that correct?

20 A Yes.

21 Q Isn't it true that CPI received over \$500,000
22 in grants this year from AT&T, MCI, and a number of
23 other long distance companies and associations to start
24 CPI?

25 A I believe there are currently 15 sponsors to
26 CPI, that's correct.

27 Q My question was isn't it true that CPI
28 received over \$500,000 from your corporate sponsors

1 AT&T, MCI and a number of other long distance companies
2 and associations?

3 MR. SHAMES: Your Honor, objection; asked and
4 answered.

5 ALJ ECONOME: It was asked but I don't think it was
6 answered. So overruled.

7 THE WITNESS: The \$500,000 I believe was response I
8 gave to a reporter who asked me a question about that at
9 the beginning of CPI. That was a ballpark figure that I
10 had given him as the size of the initial setup, yes.

11 MR. MANCINI: Q MCI alone has provided 108,000 to
12 CPI since January of this year; is that correct?

13 A I would have to check that.

14 Q MCI has responded to a document request
15 providing the figure 108,000. If you would like to see
16 it we can provide it to you.

17 ALJ ECONOME: Are you asking the question subject
18 to check?

19 MR. MANCINI: Subject to check.

20 THE WITNESS: Subject to check.

21 MR. MANCINI: Q Do you recall what AT&T's funding
22 has been to date?

23 MS. MAZZARELLA: Objection; irrelevant and calls
24 for information protected by AT&T's right of privacy.

25 ALJ ECONOME: Overruled.

26 MR. SHAMES: Your Honor, I should like to object in
27 large part because this question was asked of UCAN
28 already in data requests. We objected on the basis of

1 relevance. We objected on the basis that the
2 information was not probative. The applicants did not
3 respond, did not seek a motion to compel. They did not
4 pursue the discovery any further at that point.

5 I think they have waived their right to pursue
6 this specific line of questioning.

7 ALJ ECONOME: That's overruled. I'm sorry. It is
8 relevant to the bias, potential bias or the issue of who
9 funds CPI.

10 If the witness knows the answer, I think he
11 should answer.

12 But I want you to -- I don't know with all
13 this if you have the question in mind.

14 Mr. Mancini, can you repeat your question.

15 MR. MANCINI: Q Do you recall approximately how
16 much AT&T has provided to CPI this year?

17 A The figure of \$500,000 is approximately
18 correct. I think it was a little bit less than that for
19 this year.

20 And the relative proportion of the initial
21 sponsors was roughly in proportion to their size as
22 companies. I think AT&T'S share was larger than the MCI
23 share. I don't know the exact number, but it would have
24 been in rough proportion to the market shares, I think.

25 Again, it is a little difficult to answer
26 because of the sort of timing of funding. These
27 companies are on different funding cycles.

28 The sponsors subsequent to the initial

1 sponsors include other companies in other industries.
2 So I don't have information with me about the exact
3 numbers.

4 Q Have you received any funding from actual
5 consumers besides corporate sponsors?

6 A No. I don't believe I represented that
7 anywhere.

8 MR. MANCINI: Your Honor, I would like to introduce
9 two exhibits, if we could go off the record.

10 ALJ ECONOME: We will be off the record.

11 (Off the record)

12 ALJ ECONOME: We will be back on the record.

13 I will mark for identification as Exhibit 159
14 a news release with the heading "CPI Competition Policy
15 Institute," dated March 21st, 1996.

16 (Exhibit No. 159 was marked for
17 identification.)

18 ALJ ECONOME: Then I will mark as Exhibit 160 a
19 document with the first page having the title "Charter
20 Competition Policy Institute."

21 (Exhibit No. 160 was marked for
22 identification.)

23 MR. MANCINI: Q Mr. Binz, do you recognize Exhibit
24 159, the CPI news release?

25 A Yes.

26 Q The second page of this news release indicates
27 that the supporting companies and organizations have all
28 endorsed the institute's charter; is that correct?

1 Q And one of those sources which provides input
2 on the selection of activities and the determination of
3 your positions is your corporate sponsors; is that
4 correct?

5 A That's right.

6 MR. MANCINI: Your Honor, I'd like to introduce a
7 new exhibit, if we can go off record.

8 ALJ ECONOME: We'll be off record.

9 (Off the record)

10 ALJ ECONOME: We'll be back on the record.

11 I'll mark as Exhibit 161 what looks like
12 a copy of a news article from the Washington times. The
13 date on the page is 6/11/96.

14 (Exhibit No. 161 was marked for
15 identification.)

16 MR. MANCINI: Q Mr. Binz, in the second column of
17 this article it has a quote from you, and the article
18 quotes you as stating:

19 "The policy positions [of the
20 CPI] will be decided by the staff of
21 the institute, through research, the
22 advice of consumers and the input of
23 sponsoring organizations.' "

24 Is that an accurate quote?

25 MR. SHAMES: Objection, your Honor.

26 I believe that the question is
27 mischaracterizing this document.

28 It would appear that this is an editorial of

1 some sorts, presumably from the Washington Times.

2 We have not established that in fact Mr. Binz
3 has seen this article or this opinion editorial.

4 We have not established that in fact it is
5 from the Washington Times.

6 I believe there is a certain amount of laying
7 a foundation that needs to be gone into before that
8 question is asked.

9 ALJ ECONOME: If you can lay a brief foundation.

10 But I will just note for the record that this
11 article does have quote marks around the sentence
12 Mr. Mancini referred.

13 MR. MANCINI: Q Mr. Binz, do you recognize this
14 editorial which appeared in the Washington Times?

15 A Yes, I do.

16 Q In the second column it contains a quote from
17 you.

18 The quote is:

19 "The policy positions [of the
20 CPI] will be decided by the staff of
21 the institute, through research, the
22 advice of consumers and the input of
23 sponsoring organizations.' "

24 Is that an accurate quote?

25 A I think I would have said it.

26 I can't tell you that I know that I did say
27 it, and I was not contacted by the Washington Times
28 for that quote. So I don't know the source of

1 the quote.

2 Q You agree that, at least in part, the policy
3 positions of CPI are based on input from your sponsoring
4 organizations, is that correct?

5 A Yes.

6 We can talk about how that works. But
7 we certainly listen to lots of people.

8 I would list, by the way, carriers who are not
9 our sponsors as well. I don't mean to omit that.

10 I've taken the opportunity while here at NARUC
11 to meet with representatives from a lot of RBOCs,
12 for example, talking about access charge reform, just
13 to give an example.

14 So although that sentence is correct, I again
15 would want to make sure that doesn't imply that that's
16 the sole basis for positions we take.

17 Q This article goes on to say, quote,

18 "In other words, don't expect
19 the Competitive Policy Institute to
20 take the long distance industry to
21 task even though AT&T, MCI and
22 Sprint have established an
23 oligopolistic pattern of raising
24 their prices in lock-step,"

25 is that correct?

26 A It's correct that that's the quote, yes.

27 Q Since CPI has been formed, have you taken
28 any public position or raised any concern regarding